

## **Historic, Archive Document**

Do not assume content reflects current scientific knowledge, policies, or practices.



# AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE DIVISION OF COOPERATIVE MARKETING,  
BUREAU OF AGRICULTURAL ECONOMICS, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

---

October 25, 1926.

Vol. IV. No. 22.

## COOPERATIVES SERVE NONMEMBERS AS WELL AS MEMBERS

About 85 per cent of the farmer's associations reporting to the United States Department of Agriculture for 1925 were serving "patrons" in addition to their own members. The percentage varied for the different sections of the country, for the different states, and for the commodity groups. In the West North Central States 92 per cent of the associations were serving others than their own members; in the East North Central group, including Wisconsin, Illinois, Michigan, Indiana, and Ohio, 87 per cent handled business for nonmembers as well as members; in the New England States, 69 per cent; in the three Pacific Coast States 66 per cent; and in the South Atlantic States, from Delaware to Florida, 54 per cent.

For some of the leading cooperative states, the percentages of associations serving nonmembers in 1925 were as follows: North Dakota, 97; Kansas, 96; Nebraska, 96; Ohio, 95; Minnesota, 94; Missouri, 93; Wisconsin, 89; Michigan, 86; New York, 58; and California, 41.

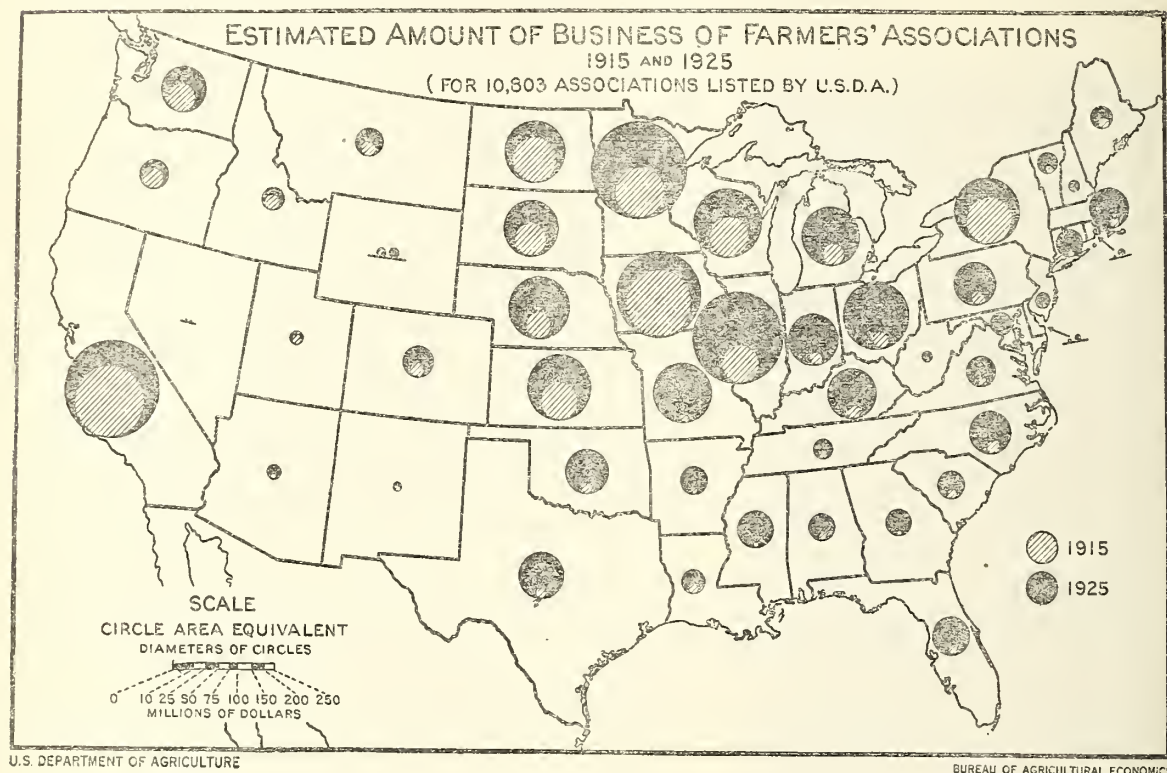
The percentages for some of the commodity groups were; grain, 98; dairy products, 92; livestock, 66; fruits and vegetables, 39.

Many of the associations operating grain elevators, creameries, cheese factories, and livestock associations, have been organized with the intention of serving anyone in the community who wishes to patronize the organization. In many cases no distinction is made between "patrons" and legal members; all are on an equal footing as to financial benefits. In other societies the legal members receive what amounts to interest on their investments, in addition to the benefits which all receive.

The large-scale cotton, tobacco, and wheat grower's associations formed during the last six years, as well as some of the larger fruit and vegetables associations, aim to serve only those who have signed "marketing agreements", or contracts, for the delivery of their crops to the association. In return for an assured volume of business the associations concentrate upon supplying marketing service to members only.

Of 5,300 associations reporting for 1925, 4,600 serving both members and nonmembers reported a total of 638,202 members, while 696 serving only members reported a total membership of 792,550.

### COOPERATIVE BUSINESS INCREASES IN TEN-YEAR PERIOD



Business transactions by farmers' associations increased in volume, as measured in dollars, from \$636,000,000 to \$2,400,000,000 during the ten-year period ending with 1925, according to a preliminary estimate by the Division of Cooperative Marketing of the United States Department of Agriculture. The greater part of the cooperative activity in 1915 was in Iowa, Minnesota, North Dakota, Wisconsin, Kansas, Illinois, New York and California. There was but little activity, relatively, in the New England States, the Southern States, or the Rocky Mountain States.

The center of the cooperative movement is still in the North Central group of states, although during the past ten years there was considerable development among the cotton and tobacco growers of the Southern States. Big gains in volume of business transacted were made in Illinois, Minnesota, Ohio, Indiana, Kentucky, Nebraska and Missouri, the percentage increase in the latter named state being phenomenal.

### OREGON FRUIT ASSOCIATION OPERATES MANY YEARS

Fruit sales amounting to \$2,225,056 were made by the Apple Growers' Association, Hood River, Oregon, during the year ending May 31, 1926, compared with sales of \$3,806,674 for the preceding year. The amounts credited to the various fruits for the two years are as follows:

Fruit	Year ending May 31	
	1925	1926
Apples	\$3,403,660	\$1,688,876
Pears	207,996	214,032
Strawberries	106,554	172,442
Cherries	37,447	40,380
Raspberries	7,682	8,477
Blackberries	2,101	437
Loganberries	735	----
Plums	----	39
Crabapples	493	372
Total	\$3,766,668	\$2,125,053

In addition to fruit sales the association handled supplies used by its grower-members. Sales of supplies for the 1924-25 season amounted to \$634,170, and for 1925-26 to \$463,418.

The association's income in connection with the marketing of fruit was \$246,822 for the 1925-26 year and marketing expenses were \$236,838. The difference between charges and expenses, \$9,984, was re-funded to members.

On May 31 the Association had nearly \$200,000 in bank deposits, owned property valued at \$654,400, had on hand supplies valued at \$67,900, and had advanced \$755,000 to grower-members for the 1926-27 season. Four surplus accounts showed total credits of more than \$737,400.

This Association was formed in 1913, succeeding the Hood River Apple Growers' Union, which had succeeded the Strawberry Growers' Union, formed in 1982. It is reported that some of the present members were members of the original Strawberry Union. The trade-marks of the Association have been registered since 1913, and fruit bearing these marks can be found in many foreign countries. The Association maintains a storage plant and puts fruit on the market every month of the year. The principal fruit marketed is apples of the Newtown and Spitzenberg varieties. The Association serves about 800 members who produce approximately 70 per cent of the fruit produced in the Hood River Valley.



## SECOND SESSION OF INTERNATIONAL WHEAT POOL CONFERENCE

Agricultural Cooperation was in error when it started (page 394) that the second session of the International Wheat Pool Conference was held at Winnipeg, Manitoba, August 18. The meeting held on that date was only a meeting of a committee appointed by the conference, and not the conference. The second session of the conference is scheduled for Kansas City, Mo., for March 16, next.

-----0-----

## MINNESOTA WHEAT GROWERS ADOPT NEW POLICY

The Board of Directors of the Minnesota Wheat Growers' Cooperative Marketing Association, Minneapolis, recently took action with a view to amending the articles of incorporation of the association, so as to permit it to do business with non-members, subject to the restriction that the products "handled for non-members shall not be greater than the amount delivered by or handled for members."

This association is now in its fourth year. It began operating in 1923. The first season it received 513,000 bushels of wheat from its member-growers. During the 1924-25 season its receipts amounted to 1,713,136 bushels and during the 1925-26 year it handled for its members 1,350,000 bushels of wheat which was sold for \$2,084,300.

-----0-----

## SASKATCHEWAN FARMERS OPERATE THEIR OWN ELEVATORS

Approximately 16,000,000 bushels of grain were handled by the 89 country elevators in the system of the Saskatchewan Pool Elevators, Ltd., during the 1925-26 season, which was the association's first year of operation. This organization is a subsidiary created by the Saskatchewan Cooperative Wheat Producers, Ltd., Regina, Canada, for acquiring and operating grain elevators. Fifty-four of the elevators in the system were built and 35 were purchased. The average quantity of grain handled was 178,000 bushels per elevator. The year's operation resulted in a net surplus of \$171,706. After providing for depreciation and paying interest on capital invested, \$100,000 was placed in the elevator reserve.

Owing to satisfactory results from terminal operations, members of the wheat producers' association will receive a refund of two cents a bushel for all wheat delivered at country elevators and one and one-half cents a bushel for platform shipments. The refund on coarse grains will be one cent a bushel for deliveries to country elevators and one-half cent a bushel on platform shipments. The pool's share of the terminal elevator earnings was \$537,250.

This year there are 580 elevators in the pool system and up to October 2, a total of 20,000,000 bushels of grain had been handled.

### NEW HAMPSHIRE FARMERS SELL COWS COOPERATIVELY

A plan for selling dairy cattle cooperatively, worked out by the Farm Bureau of Sullivan County, New Hampshire, is proving advantageous to both buyers and sellers. The farmers of that county have developed an excellent market for their surplus stock because through cooperation they can furnish buyers the quantity and quality of stock they seek.

The eradication of tuberculosis began in an organized way in 1920 and there are now nearly 800 accredited herds in Sullivan County. As the demand for tested stock in quantity increased among dairymen of other states, the Sullivan County farmers formed a sales organization with a sales agent constantly on duty. Individually they were in a weak position as their herds were mostly small and buyers had to go from one point to another to select stock. Now all available stock is listed at the office and buyers can secure descriptions through correspondence. In less than three years the association has sold for its members 1,668 head of stock for \$165,415. That farmers are satisfied with the method of selling is indicated by the fact that they are raising more heifer calves proportionately than the unorganized farmers in other sections of the state.

-----0-----

### NEBRASKA FARMERS' UNION LIVESTOCK SALES AGENCIES

Figures recently furnished by the Farmers' Union of Nebraska show the volume of business handled by the Farmers' Union livestock sales agencies at Omaha, St Joseph and Sioux City, since 1922. For the nearly five years, more than 131,085 car loads were handled cooperatively by the agencies at the three markets. The volume in car loads as reported by the management is given below.

Year	Cars handled /a		
	Omaha	St. Joseph	Sioux City
1922	7,634	8,240	4,088
1923	10,177	12,529	6,015
1924	12,521	11,990	9,244
1925	10,867	9,393	8,632
1926/b	6,576	6,855	6,024

/a In terms of car loads. /b January through September.

Total sales for the three markets for the first nine months of 1926 are reported as \$37,356,140. Gross commissions charged amounted to \$333,970 and the expenses of operation were \$156,662 leaving \$177,308 available for a patronage refund to the members of the associations sustaining the sales agencies.

### TWO PER CENT REFUND FOR UNITED LIVESTOCK GROWERS

Cattle to the number of 44,929, with a valuation of \$1,710,771, were marketed in the year ending June 30, 1926, by the United Livestock Growers, Ltd., Winnipeg, Man. This is a smaller number than was marketed the previous year, due to very heavy country buying during the fall and early winter months. Since that time the cooperative shipping has shown a large increase.

Patronage refunds to the amount of \$34,315 have been mailed to nearly nine thousand shippers who sold their cattle through the cattle pool. This is the third successive annual refund, amounting to 2 per cent of sales. Figured on a per-car basis this would amount to more than \$19 per car. On all cattle it is an average of more than 75 cents per head, and in terms of price it is equivalent to from 10 to 15 cents per cwt. on the better grades of cattle. The refund for the 1924 year was \$34,416.

-----0-----

### MINNESOTA LIVESTOCK SALES AGENCY FIVE YEARS OLD

On August 8, 1926, the Central Cooperative Commission Association a cooperative sales agency operating on the South St. Paul livestock market, completed its fifth year. Its gross sales for the five-year period amounted to \$133,660,224, and its net earnings to \$493,681. These earnings, which represent the difference between the commissions charged and the actual expenses of operating the sales agency, have been largely refunded to the shippers. Besides refunds, the shipper who have sent their stock to this sales agency have benefited because of smaller deductions for commissions than the usual market charges. The gross sales and earnings for each of the five years are reported by the management of the association as follows:

Year	Gross sales	Net earnings /a
1922	\$ 16,867,337	\$ 85,879
1923	23,344,825	88,146
1924	24,536,811	107,468
1925	30,852,645	101,602
1926	38,058,606	110,586
Total	133,680,224	493,681

/a Commission charges less expenses of operation.

For the last three years this association has handled about one-fourth of the livestock on the South St. Paul market.



### THREE HUNDRED DAIRYMEN'S LEAGUE MEETINGS TO BE HELD

Three hundred meetings for producers are to be held in the next four months by the Dairymen's League Cooperative Association, Inc., New York City. In this campaign it is proposed "to carry direct to members of the association the facts of conditions in their industry which create the situation demanding increased autumn and winter milk production, and the best scientific knowledge available on how to secure the production most economically." It is proposed to cover practically the entire New York milk shed and it is expected that thousands of dairymen will take advantage of the opportunities. Arrangements for the meetings will be in charge of local units.

-----0-----

### NEEFASKA CREAMERY REPORTS BIG MEMBERSHIP

Gross sales to the amount of \$673,513 are reported by the Farmers' Union Cooperative Creamery, Fremont, Nebr., for the year 1925. The quantity of butter manufactured was 1,592,197 pounds, at a cost of \$60,813. Net earnings for the year were \$24,277. From this, interest was paid on capital and patronage refunds were made. This company was organized in 1915 with 1,000 members which number has now increased to 1,150. Paid-up capital of the enterprise is approximately \$35,000, and the property is valued at \$39,000.

Sales of butter in the first year of operation, 1916, amounted to \$139,250 and there has been a steady increase year by year.

-----0-----

### NEW YORK DAIRYMEN CREATE A SUBSIDIARY

Dairylea Milk Products, Inc., is the name of a subsidiary corporation created by the Dairymen's League Cooperative Association, Inc., New York, to take over a milk bar which the League has been operating on Sixth Avenue in New York City for about three years, to encourage the drinking of milk by making it easy to obtain. Cheese sandwiches have been served as well as milk. It is now proposed to branch out and offer other kinds of sandwiches in order to meet competition.

The new corporation is organized with 500 shares of capital stock of the par value of ten dollars. This stock is held by the Dairymen's League Cooperative Association, and the members of the executive committee of the association, each committeeman holding one share. These committeemen will serve as the directors and officers of the company, so long and only so long, as they continue as members of the executive committee of the League. It is stated that the directors of the new company will not receive salaries.

### CERTIFIED SEED FOR TEXAS COTTON GROWERS

Certified cotton seed is to be supplied to its members the coming season for the second time, by the Texas Farm Bureau Cotton Association, Dallas, Texas. Certified seed to the amount of approximately 65,000 bushels was supplied to members last season with results justifying a continuation of this plan for improving the quality of the cotton produced. The association secures large quantities of high grade seed in the fall and at planting time supplies the needs of its member-growers at a charge which represents the approximate cost of the service.

-----0-----

### LOUISIANA COTTON ASSOCIATION REPORTS FOR YEAR

An audit of the accounts and records of the Louisiana Farm Bureau Cotton Growers' Cooperative Association, Baton Rouge, La., for the year ending July 31, 1926, shows that 51,193 bales of cotton were received from growers. Gross sales from 49,259 bales amounted to \$4,515,980, from which \$223,810 was deducted for pool expenditures, leaving the sum of \$4,292,169 to be accounted for to members. Other deductions included: interest and insurance, \$74,657; warehousing, \$81,908; one per cent reserve, \$44,323; and association expense, less sundry credits, \$84,468; leaving the amount distributable to members, \$4,006,811. The sum of \$3,940,986 had already been accounted for to members, leaving balance due members, \$65,825.

Pool expenditures included the following: concentration freight paid, \$195,644; prepaid freight, \$18,389; high density, \$4,523; marine insurance, \$2,527; with smaller items for cotton type expense, exchange on sales, weight claims, marking and controlling.

A comparative statement of association expenses for the past two years shows which items have increased and which have decreased. The footings for the different groups are as follows:

<u>Divisions</u>	<u>Increase</u>	<u>Decrease</u>
Executive and administrative, directors.....		\$552.17
General management.....	\$17,426.99	
Legal.....		502.15
Finance.....		47.35
Procuring cotton.....	4,270.20	
Procuring memberships.....		426.40
Assembling cotton.....	446.42	
Classing cotton.....		1,310.35
Selling.....		2,154.51
General office.....		632.01
Total.....	\$22,143.61	\$5,624.94
Increase.....	16,518.67	

### GROWERS START SECOND FIVE-YEAR PERIOD

The first five-year contract period of the Arizona Pima cotton Growers closed with the end of the 1925-26 season, July 31, 1926. During the five years more than 55,000 bales of cotton were handled. The quantities marketed yearly varied from less than 8,000 bales in 1923-24 to more than 16,000 bales in 1925-26.

Number of bales handled, gross sales, total operating expenses, and operating expenses per bale, as reported by the association, are given below:

Year	Number of sales handled	Sales	Operating expense	
			Total	Per bale/a
1921-22	10,702	\$1,789,912	\$80,545	\$7.90
1922-23	10,321	1,368,578	69,895	5.15
1923-24	7,950	1,352,772	33,756	1.89
1924-25	9,748	1,333,463	31,686	1.98
1925-26	16,346	2,212,602	27,468	.77

/a Does not include handling expense.

Expenses of operating the association have decreased every year since the first, as have also expenses per bale. The expenditures under the various sub-divisions of operating expenses for each of the five seasons, as reported at the annual meeting of the association, October 4, 1926, are as follows:

Expense	1921-22	1922-23	1923-24	1924-25	1925-26
Administration	\$11,220	\$11,076	\$8,896	\$7,532	\$6,825
General office	32,989	25,623	8,665	9,317	5,443
Selling	21,654	15,237	2,430	4,176	3,895
Grading & sampling	5,597	7,859	5,076	4,663	5,240
Field	3,768	1,915	2,055	1,102	1,673
Legal	2,273	3,816	1,200	1,211	1,200
Publishing paper	600	2,157	1,800	600	600
Depreciation	764	1,515	3,085	3,082	1,591
Organization	1,676	693	550	-----	-----
Total	80,541	69,981	33,757	31,683	26,467

The cotton delivered during the 1925-26 season was handled in 45 pools, with selling prices ranging from 10 cents a pound to 37.27 cents a pound. Among the accomplishments of the last season was the establishment of the Arizona Agricultural Credit Corporation. This association has loaned \$250,000 to 300 growers at an interest rate of  $6\frac{1}{4}$  per cent.



### CONNECTICUT VALLEY TOBACCO ASSOCIATION TRIES NEW PLAN

A compromise agreement has been made between the Connecticut Valley Tobacco Association, Inc., Hartford, and certain of its members who sold their tobacco outside the association last year and were subject to penalization by the association to the extent of 6 cents per pound. Under the terms of the agreement these members will pay the regular 5 per cent marketing charge and will agree to go on as friendly members of the association in the marketing of the 1926 crop.

The management is convinced that this plan will prove far more satisfactory to all concerned than a series of lawsuits to collect liquidated damages, with the resultant delays, heavy expenses, and inevitable ill feeling. Furthermore, the situation has changed and the association is better established and it is believed that "hereafter our members will want to stay in the association--not want to get out."

This year members may have their tobacco marketed either green or packed as they may prefer. Heavy sales have been made in the past two months.

-----0-----

### CONNECTICUT TOBACCO SOLD AT PUBLIC SALE

More than 3,000 cases of tobacco were sold at public sale recently by the Connecticut Valley Tobacco Association, Hartford. The tobacco was arranged in 48 lots of five or more cases each; the sale was advertised in advance; a catalogue was prepared to facilitate selling; and samples of the different lots were on display for three days preceding the sale. Sealed bids were made by the buyers who were asked to submit their bids in decimals that there might be no ties. Ten minutes were allowed for bidding on each lot. All bids were announced and the successful bids posted. The State Commissioner of Agriculture assisted in determining the highest bids.

The plan of sale worked so smoothly that the 48 lots were disposed of in three hours, and a second sale was advertised for October 1, at which about 9,000 cases of tobacco of the 1923, 1924, and 1925 crops were offered, following the same general rules as the first sale. About half the quantity was 1925 tobacco.

Lots made up of varying numbers of cases were arranged to suit the needs of customers, large or small. Thirty-nine single grade lots were offered, 6 two-grade lots, 14 three-grade lots, 9 four-grade, 3 five-grade, 2 six-grade, and 1 seven-grade. It was expected that the straight grade lots would be attractive to the manufacturers and that the mixed lots would attract dealers.



### RECEIVERS FOR TOBACCO WAREHOUSE CORPORATIONS

Since the appointment of receivers for the Tobacco Growers' Co-operative Association, Raleigh, N. C., on June 19 1926, various courts have appointed receivers for four of the five warehousing associations. The board of directors for the fifth association, the Central Carolina Warehousing Corporation, has undertaken the task of securing funds to save the warehouse for the tobacco growers. Campaigns for signatures to contracts in the old bright belt of Virginia and North Carolina, and in the dark fired belt of Virginia have been suspended. The organization committee for the dark fired region has requested those growers who had signed contracts to refrain from exercising their withdrawal privilege, as the committee proposes to remain in existence ready to function when the occasion demands.

The final issue of the Tri-State Tobacco Grower was published by the receivers in August. That issue carried a request for bids for the subscription list, good will, and physical equipment of the publication.

-----0-----

### BURLEY TOBACCO ASSOCIATION SELLS TO FOREIGN BUYERS

Twenty-five million pounds of tobacco, most of it of the 1923 crop, was sold during the first ten days of October by the Burley Tobacco Growers' Cooperative Association, Lexington, Ky. According to a statement by the management of the association, the sale of this quantity greatly reduces the stocks of tobacco on hand and puts the association in a much more favorable position for making future sales.

Announcement has also been made by the management that 1,000,000 pounds of redried 1925 tobacco has been sold for export. Within the past two years approximately 10,000,000 pounds of association tobacco has been sold direct to foreign buyers, although previous to 1924 the association had made no sales in foreign countries.

At the election held September 20, directors were elected in each of the 22 districts into which the Burley territory is divided. These directors are for the final year of the five-year period covered by the first marketing agreement. It is reported that the elections were well attended, that there were no contests in any of the districts, and that all the former directors but one were elected to succeed themselves. In addition, associate directors were elected for Tennessee and Missouri. At the organization meeting of the board of directors the old officers were reelected, also the old directors-at-large for Kentucky, Indiana, and Ohio.

BY-LAW DID NOT CREATE PERSONAL LIABILITY

In a case involving the Warm Springs Truck Growers' Association of Georgia (Mitcham v. Citizens Bank of Bullochville, 131 S.E. 181), the Court of Appeals of Georgia held, in a suit brought by the bank against the association and all of its members on a by-law which it was claimed had been regularly adopted by the terms of which the members were liable for their per capita share of the debts of the association up to and including the sum of \$25,000, that inasmuch as neither the charter of the association nor the statute under which it was formed authorized the by-law, that the by-law was void. In this connection the court said:

The mere passage of a by-law, seeking to impose individual liability upon all of the members of a corporation, where neither the general statute nor the charter so provides, is invalid, even though the by-law be regularly adopted by a majority vote of the members in meeting regularly called, and it cannot impose individual liability upon the members of the corporation.

The suit was based upon the theory that the by-law was valid and as the Court found it void, the suit failed, but the Court expressed the view that even if members of the association had held out that such a by-law had been adopted, it would not operate to make them liable.

L. S. Hulbert.

-----0-----

BEAN ASSOCIATION WINS IN CALIFORNIA SUPREME COURT

On August 2, 1926, the Supreme Court of California decided the case of the California Bean Growers' Association v. Rindge Land & Navigation Co. 248 P. 658, in favor of the association.

In August, 1918, the association entered into a contract with the defendant, under which it agreed as agent to market the beans grown by the defendant and under which the defendant agreed to consign and deliver to the association its beans produced during the years 1918-20. The defendant delivered all of its beans produced in 1918, but refused to deliver the beans produced in 1919 and in 1920. The association then brought suit for liquidated damages on account of the failure of the defendant to deliver the beans grown by it in those years.

The association sold the bulk of the 1918 beans during the months of June, July and August of 1920. It appeared that the association found the market for beans demoralized following the close of the World War and that this was the reason for its failure to sell the beans earlier.

The contract contained a provision stating that beans would not be stored beyond April 1 of any year without the express consent of the defendant. On March 10, 1919, the defendant signed an agreement authorizing the association to hold the beans delivered by it beyond April 1, 1919. The defendant claimed that it was released from its contract because of the delay in the sale of its beans. In this connection the court said: "The plaintiff was clothed with a reasonable discretion in the marketing of the beans under its control, and it is not to be held accountable for an honest mistake of judgment, if the course pursued by it was apparently warranted by conditions then existing." The court further said that in view of the agreement authorizing the association to hold the beans after April 1, 1918, that the defendant was not in a position to complain with respect to the delay incident to the sale of its beans. The defendant contended that the association unreasonably delayed accounting to it following the sale of the beans. In this connection the court pointed out that the scheme under which the association operated did not contemplate that it should go to the heavy expense of making separate distribution of the proceeds of every sale made by it regardless of the amount thereof. The court said it was a question of fact whether the association had unreasonably delayed accounting for the beans, but held that defendant could not take advantage of this fact because it had reached its contract prior to the delay.

It appeared that the association used \$250,000 derived from the sale of beans of the 1918 crop to assist in financing growers of beans in 1919. The defendant contended that this use of the money was unauthorized and absolved him from liability. The court answered this proposition by saying that "since the defendant had breached the contract prior to the unauthorized use of such money, plaintiff's misuse of the money at a subsequent time was not an excuse for the defendant's breach, if it be conceded that such temporary misuse of the money would have justified a refusal by the defendant to preform in any event."

The defendant also urged that inasmuch as the association had expended \$15,449.75 in an effort to have the tariff rates on beans increased that this was a defense to the suit. Over half of this money was contributed by outside interests and the balance was taken from the amount collected by the association as membership fees. Inasmuch as the articles of incorporation of the association authorized it "to do each and everything necessary, suitable, or proper, for the accomplishment of any of its purposes or attainment of any one or more of the objects herein enumerated, or which shall at any time appear conducive to, or expedient for, the interests or benefit of this association, in its proper activities, and to contract accordingly," the court held that the association acted within its powers in seeking to have the tariff rates on beans increased.

Other contentions made by the defendant are disclosed in the following quotation from the opinion: "The allegation that one of the directors 'did not deliver his 1919 crop of beans to the association,' and



that 'no action has been commenced against him' does not state a ground of defense. The order in which actions may be commenced against defaulting members is immaterial. There is no allegation to the effect that the plaintiff does not intend to bring an action against such director, or that it was a party to such default or in any manner consented thereto. For like reasons the allegation that 'the chief officer of plaintiff sold 1918 beans and 1919 beans to private dealers direct and not through the association' does not state a defense. Whether they were sold before or after April 1 of the respective years mentioned does not appear and it is not alleged that the plaintiff consented to their sale in the manner alleged."

The court further found that inasmuch as the association had submitted its checks to the defendant in final settlement of its 1918 bean account and as the defendant had apparently accepted the checks as such, that the defendant could not use matters pertaining to the handling of the 1918 crop as a basis for a set-off against the claims of the association or as a cross-complaint against it. The court expressly held that the agreement between the association and its members did not create an unlawful trust or combination in restraint of trade, and that the stipulation in the contract with respect to liquidated damages was valid.

"The by-laws of the association provide: 'If any member shall cease, fail, neglect, or refuse for any reason whatsoever to market all or any of the beans grown or owned by him as provided by the said crop sale agreement, then his membership shall ipso facto cease and determine, and his certificate and his membership in this association and all of his rights and interest therein shall by that act be automatically canceled, and such member shall not, nor shall any one in his behalf, be entitled to any appraisement or share in the property or good will of the association.'" The defendant contended that in view of the language just quoted that upon its refusal to deliver its 1919 crop of beans it ceased to be a member of the association. The association, however, took no steps to cancel the defendant's membership but insisted that the defendant was under obligation to deliver its crops of 1919 and 1920 under the terms of the agreement. The court held that the language referred to did not in the absence of action by the association operate to cancel the defendant's membership. It is obvious that the language in question was inserted in the contract for the benefit of the association and that it was not included therein for the purpose of enabling a member to profit by his own wrong. The court also held that it was proper to allow interest upon the amounts awarded as liquidated damages from the respective dates upon which the defendant refused to deliver his crops of 1919 and 1920.



### MANY NATIONALITIES IN EASTERN CONSUMERS' COOPERATIVES

Of 108 consumers' cooperatives in New England, New York and New Jersey, 74 are made up largely of people from other lands. The prevailing nationalities in the various groups are as follows: Italians, 18 societies; Jews, 14; Finns, 13; Poles, 11; Germans, 5; Lithuanians, 5; British-Americans, 3; Russians, 2; Ukrainians, 1; French-Canadians, 1; a mixture of Poles, Lithuanians and Russians, 1; The remaining societies are composed primarily of Americans, or their nationality is unknown.

-----0-----

### NATIONAL UNION OF COOPERATIVE OFFICIALS HOLDS MEETING

The National Union of Cooperative Officials held its ninth annual meeting in Belfast, Ireland, with the newly established Belfast Society in May of 1926. An excellent attendance was reported. During the fiscal year the membership had increased by 501, bringing the total to 4,179. A steady increase during the past seven years is shown by the following figures:

1919 .....	1,652	1923 .....	3,627
1920 .....	2,839	1924 .....	3,678
1921 .....	3,200	1925 .....	4,179
1922 .....	3,429		

Reports were presented from nine different sections of the British Isles, dealing largely with questions of wage agreements.

-----0-----

### A SOUTH AFRICAN SOCIETY SENDS REPORTS

A satisfactory year's trading was reported by the Matabeleland Farmers' Cooperative, Limited, Bulawayo, South Africa, at the seventh annual meeting of shareholders, held July 30, 1926. A dividend of  $7\frac{1}{2}$  per cent on paid-up capital was declared and a small balance was carried to a reserve fund. This was the first dividend paid in three years.

A maize pool was operated for members and sales amounted to £11,682, administrative expenses came to £1,341, and producers received £10,340, or 88 per cent of the total sales. Other activities resulted in a trading profit of £5,600.

The manager states that the company is small but is making headway. It is affiliated with the Federated Farmers' Cooperative Association of South Africa, Ltd., and is registered under the Cooperative Companies Act of 1925.

An effort is now being made by leaders of the society to organize the dairy farmers of Rhodesia into one cooperative association.

### FILM-STRIP LECTURES ON COOPERATIVE MARKETING

A series of film-strip lectures showing the cooperative marketing of different farm products is being made by the Division of Cooperative Marketing, Bureau of Agricultural Economics. The first of these is entitled, "Cooperative Marketing in the United States," the second, "Cooperative Marketing of Cotton," and the third, "Cooperative Marketing of Tobacco." Others will be prepared and released from time to time.

In the preparation of film-strips, "still" pictures, charts, titles and other illustrative material are printed on motion picture film instead of glass lantern slides. A roll of film containing fifty or sixty pictures is about the size of a spool of thread, and some of the projectors manufactured for the use of film-strips may be carried in a suitcase or handbag.

The Office of Cooperative Extension Work, U. S. Department of Agriculture, Washington, D. C., will be in a position to supply loan copies, in most instances to be accompanied by mimeographed descriptive material for use by the borrower.

-----0-----

### INCREASED BUSINESS FOR NEW YORK BUYING EXCHANGE

Total sales for the Cooperative Grange-league Federation Exchange, Ithaca, N. Y., amounted to \$8,284,000 for the fiscal year ending June 30, 1926. Earnings for the year were \$48,607. This association, which is engaged in the cooperative purchase of supplies for its farmer-members, was formed in 1920 to supersede the New York State Grange Exchange. It was incorporated with authority to issue capital stock to the amount of \$1,000,000. The growth of the enterprise is indicated by the increase in the volume of business transacted during the various fiscal years as reported by the management.

1921-22 .....	\$1,725,439
1922-23 .....	4,352,164
1923-24 .....	6,840,726
1924-25 .....	6,635,364
1925-26 .....	8,284,158

The capital stock obligations of the association on June 30, 1926, according to a report by a certified public accountant, were \$785,878. The reserve for contingencies was \$25,000 and undivided earnings, \$69,005. The fixed assets of the exchange, including warehouse and plant property, equipment, etc., amounted to \$376,971 after being depreciated.

Business has greatly increased for the exchange since July 1. According to a recent report, purchases of dairy feed have increased 45 per cent and purchases of poultry feed, 139 per cent.

REPORTED BY THE ASSOCIATIONS

Persimmon growers in Orange County, California, have organized a cooperative marketing association and have made plans to put a standard pack on the market.

"When the Books are Closed" is the title of an article appearing in the Federation Guide for October which describes how the integrity of the accounting records of the Wisconsin Cheese Producers' Federation, Plymouth, Wis., are protected by a complete auditing service.

Nearly one hundred thousand pounds of butter are being printed daily by the Land O'Lakes Cooperative Creameries, Inc., Minneapolis. September 10 was the banner day, when 101,720 pounds were printed in one day.

Fifty-eight credit unions have been organized among the postal employees of the United States, according to a report from the Assistant Director of Service Relations, of the office of the Postmaster General. These credit unions are located in 28 states.

Reserves amounting to \$61,465 were reported by the Tennessee Cotton Growers' Association, Memphis, on September 10, 1926. These reserves have been accumulated by a small deduction from the proceeds of cotton sales for three seasons.

The sixty-second annual convention of the National Wool Growers' Association will be held at Butte, Montana, January 20-22, 1927. A program which will be both instructive and entertaining is being planned. The Montana Wool Growers' Association will hold its annual meeting at the same place the 19th, immediately preceding the National meeting.

The National Equity-Union, Greenville, Ill., has recently moved into its new building erected at a cost of more than \$15,000. The new home of the organization is of brick and stone and is planned to house the National offices and also the printing plant, which turns out the Equity Union Exchange and a college paper each week besides doing job work.

The The Southern Saskatchewan Cooperative Stock Yards Company, Moose Jaw, established in 1919, has recently found it necessary to increase its yardage capacity for cattle and hogs. It now has covered space at the yards of 67,500 square feet, with 140 car load pens of its own and 117 leased from the railroad company, besides numerous pens for smaller lots. All pens are provided with water and are being floored with cement and the alleys with brick.

### REPORT OF SOUTH DAKOTA COOPERATIVE INSTITUTE

A bulletin entitled "Cooperative Marketing" gives a summary of South Dakota's first Cooperative Institute, held at Huron, February 23-25, 1926. Selected extracts from many of the addresses are given, together with charts illustrating the arguments of the various speakers. The report makes a publication of forty pages.

-----0-----

### REPORT PRESENTS STUDY OF SUBSIDIARY CORPORATIONS

"Subsidiary Corporations and Cooperative Associations" is the title of a preliminary report recently issued by the Department of Agriculture. This report discusses the uses of subsidiary corporations from the standpoint of cooperative associations, and cites many pertinent court cases bearing on the different aspects of this matter. Copies may be procured from the Division of Cooperative Marketing, U. S. Department of Agriculture, Washington, D. C.

-----0-----

### NEW BOOK DISCUSSES COOPERATIVE MARKETING

"The Commerce of Agriculture: A Survey of Agricultural Resources," by Dr. Frederick A. Buechel, is an economic treatise on the relationship between the people of the earth and their agricultural resources. It presents a world perspective of the agricultural industry, showing the interrelation between the industry itself and the place of the industry within the economic system as a whole. The great technological and economic problems of the industry are pointed out and the subject of cooperative marketing is discussed. The work is a volume of 430 pages, published by John Wiley & Son, New York City.

-----0-----

### PRELIMINARY REPORT ON STUDY OF FARMERS' ELEVATORS

A new preliminary report issued by the Division of Cooperative Marketing, is "A Study of Farmers' Elevator Operation in the Spring Wheat Area. Part I. Analysis of the Costs of Operation of a Group of Farmers' Elevators in 1924-25." The study was designed to cover the operations of a selected group of elevators over a period of four or five years in order to observe the effect of changing local and economic conditions. About 50 elevators were selected for the study and this report covers the findings for one season, 1924-25. Copies may be procured from the Division of Cooperative Marketing, U. S. Department of Agriculture, Washington, D. C.



SELECTED LIST OF PUBLICATIONS AND ARTICLES

- Balderston, R. W. Marketing Fluid Milk in Philadelphia: An Experience in Sales Cooperation. American Agriculturist, New York City, September 8, 1926, p.1.
- Cummins, J. W. Big Southwest Pool Terminal Succeeds Beyond Expectations. South Dakota Wheat Grower, Aberdeen, October 1, 1926, p. 1. .
- Dies, Edward Jerome. Solving the Farm Riddle. 147 p. Chicago. Pascal Convici. 1926.
- Downie, Earnest R. Review of Last International Pool Conference. Wheat Growers' Journal, Wichita, October 1, 1926. p. 7.
- Eastman, E. R. A Story of a Great Struggle: When the "Spirit of 76" Returned to the Hills and Valleys of the Dairy Country. Dairy-men's League News, New York, October 1, 1926., p. 2.
- Judge Scores Our Delinquents. Ohio Farm Bureau Federation News. Columbus, September, 1926, p. 4.
- Knapp, Joseph G. The California Farm Bureau Exchange. Harvard Business Review, Cambridge, Mass., July, 1926.
- Macklin, Theodore. The Benefits of Cooperative Marketing. The Co-operator, Minneapolis, October 1, 1926, p. 8.
- Martin, Thomas L. Cooperative Marketing as a Means to Cooperative Living. Utah Farmer, Salt Lake City, October 10, 1926, p. 4.
- Poe, Clarence. Breaking Up the Tobacco Co-ops: What Now is the Outlook for Tobacco Farmers? Progressive Farmer, Raleigh, October 2, 1926, p. 1015.
- Poe, Clarence. A Letter to Mr. and Mrs. Farmer. Progressive Farmer, Raleigh, October 2, 1926, p. 987.
- Thompson, Huston. A Dairy Cooperative Sponsored and Managed by Farmers. Dearborn Independent, Dearborn, Mich., October 9, 1926.
- Twenty Years of League History. Dairymen's League News, New York City, October 1, 1926, p. 7.
- What of Those Who Follow Us? Editorial. Wheat Growers' Journal, Wichita, October 1, 1926, p. 3.

IN THIS ISSUE

	<u>Page</u>
Statistical studies:	
Cooperatives serve nonmembers as well as members.....	421
Cooperative business increases in ten-year period.....	422
Fruits and vegetables:	
Oregon fruit association operates many years.....	423
Grain:	
Second session of International Wheat Pool conference.....	424
Minnesota Wheat Growers adopt new policy.....	424
Saskatchewan farmers operate their own elevators.....	424
Livestock:	
New Hampshire farmers sell cows cooperatively.....	425
Nebraska Farmers' Union livestock sales agencies.....	425
Two per cent refund for United Livestock Growers.....	426
Minnesota livestock sales agency five years old.....	426
Dairy products:	
Three hundred Dairymen's League meetings to be held.....	427
Nebraska creamery reports big membership.....	427
New York dairymen create a subsidiary.....	427
Cotton:	
Certified seed for Texas Cotton Growers.....	428
Louisiana Cotton Association reports for year.....	428
Arizona growers start second five-year period.....	429
Tobacco:	
Connecticut Valley Tobacco Association tries new plan.....	430
Connecticut tobacco sold at public sale.....	430
Receivers for tobacco warehouse corporations.....	431
Burley Tobacco Association sells to foreign buyers.....	431
Legal:	
By-law did not create personal liability.....	432
Bean association wins in California Supreme Court.....	432
Miscellaneous:	
Many nationalities in Eastern consumers' cooperatives .....	435
National Union of Cooperative Officials holds meeting.....	435
A South African society sends reports.....	435
Film-strip lectures on cooperative marketing.....	436
Increased business for New York buying exchange.....	436
Reported by the associations.....	437
Publications:	
Reprt of South Dakota Cooperative Institute.....	438
Report presents study of subsidiary corporations....	438
New book discusses cooperative marketing.....	438
Preliminary report on study of farmers' elevators.....	438
Selected list of publications and articles.....	439